

# FISCAL NOTE

**Bill #: HB0418**

**Title: Clarify tax exemption for certain fraternal organizations**

**Primary**

**Sponsor: Bob Pavlovich**

**Status: As introduced**

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Sponsor signature	Date	Dave Lewis, Budget Director	Date
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## Fiscal Summary

	<b><u>FY2000 Difference</u></b>	<b><u>FY2001 Difference</u></b>
<b>Revenue:</b>		
General Fund	(\$3,080)	(\$3,080)
State Special Revenue	(195)	\$(195)
<b>Net Impact on General Fund Balance:</b>	<b>(\$3,080)</b>	<b>(\$3,080)</b>

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<b><u>Yes</u></b>	<b><u>No</u></b>		<b><u>Yes</u></b>	<b><u>No</u></b>	
	X	Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts

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## Fiscal Analysis

### ASSUMPTIONS:

1. The proposal applies to property tax year 1999 and beyond.
2. The proposal would exempt veteran's organizations with real and personal property that currently have a liquor bar.
3. For the purpose of this fiscal note, 1998 taxable values and mill levies are used to calculate the impact for FY2000 and FY2001.
4. There is a total property tax reduction of \$15,020 that is distributed \$3,080 to the general fund; \$195 to the university account; and \$11,745 to local governments and schools.
5. There are no administrative impacts to the Department of Revenue.

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Counties that have VFW or American Legion organizations would lose property taxes totaling \$11,745 each year.

LONG-RANGE IMPACTS:

Under the proposal, property tax revenues are reduced \$15,020 each year beginning with property tax year 1999.

TECHNICAL NOTES:

1. The proposal is applicable to property tax year 1999. The application deadline for exemptions is March 1 of each year. For 1999 only, the bill should be amended to allow organizations 30 to 60 days to apply for the exemption upon passage of the bill.
2. Under the proposal, it appears that if the bar is open 7 days a week and the veteran's organization has only one meeting a week, the property does not meet the qualifying purpose "used primarily for educational, fraternal, benevolent, or purely public charitable purposes rather than for gain or profit."